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INDIA'S INDUSTRIAL PROBLEMS

BY

V. P. MADHAVA RAO

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INDIA'S INDUSTRIAL PROBLEMS

After a few formal introductory remarks, Mr. V. P. Madhava Rao said:

You are aware that the great war in Europe which has dislocated the commerce and industry of all the civilised nations, has greatly affected our trade, and several new and important problems have arisen since the commencement of this world-conflict demanding the utmost watchfulness on the part of our rulers and readiness to exploit our economic resources and organise our industrial forces in a manner that will, to some extent, compensate India for the wrong done in the early years of the last century; and in this work, the co-operation of this Conference, which is the organ of the Indian industrialists, will be of the utmost value. Every patriotic Indian should give his whole-hearted support to the work of reviving our industries and establishing them on a firm basis. We are glad that the Government has seriously taken this work in hand as will be seen from the pronouncement recently made by H. E. the Viceroy at the opening of the Exhibition at Madras.

Since the appointment of the Indian Industrial Commission under Sir Thomas Holland, a portion of the valuable and important evidence has already become available to the public, and apart from the question as to what recommendations it may make ultimately, the information that has been collected so far is every valuable, and I propose to utilise it to

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some extent in indicating the economic needs of the country at this juncture.

It is well known that for the industrial development of a country the following things are essential :—

(1) Natural resources.
(2) Capital and Management.
(3) Technical skill or Scientific training.
(4) State Aid.
(5) Market facilities.
(6) Transport facilities.
(7) Skilled labour.

With regard to the natural resources, our country is proverbially rich, as raw materials for the manufacture of various articles are to be found in abundance almost everywhere. It is only capital and other factors that are required for the conversion of this abundant supply into finished products. Although Indian capital is generally shy, it is the experience of those, who have started big concerns of the Joint Stock type, that if an enterprise is backed up by good names or by influential persons of proved integrity, there will be no difficulty in raising funds. Again, if Government guarantee dividends for a limited period, the present difficulties could be greatly overcome. Savings of people in large cities and earnings from speculations are the main sources from which capital is generally drawn. It is very difficult to tap the mofussil. The seven forms of Government Aid suggested by the Commission are not equally suitable for every kind of venture, and the aid to be given will have to be determined by the nature of each case. The Government may also lend the services of their experts on payment of reasonable fees. As for research in specific industrial problems, there ought to be Research

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Institutes in the country itself, which may occasionally consult Research Institutes in England, if they meet with any difficulty. In addition to the Research Institutes, there ought to be Industrial Schools working in co-ordination with the apprenticeship system. This will gradually increase the efficiency of labour.

The marketing of products will be helped by the establishment of Commercial Museums in all important centres, as well as opening of shops on the model of the Swadeshi Co-operative Stores. Travelling Exhibitions will also render much help to Industries.

The question of the transport of articles deserves careful consideration. The rates at present charged by the Indian Railway Companies are, in the majority of cases, prejudicial to the growth of indigenous enterprise. Transport facilities, both by land and water and other special concessions, should be given to new ventures to minimise the effects of competition. The Seaport rates work to the advantage of foreign imports, and the local manufacturers have to contend with very high rates for transporting their goods inland. This affects the development of local manufactures to a great extent. The Directors of Commerce and Industries, wherever they exist either in British India or Indian States, are striving their best to collect information and to help the starting of new concerns and much can be done by the educated classes, if they could second their efforts and co-operate with them. For the diffusion of knowledge of arts and sciences, there is need of a well equipped library in a central place for the different provinces of India. There is, to my knowledge, not a single library of this kind in the whole country. There

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should also be laboratories to encourage private individuals to carry on research work.

In this connection, I would be failing in my duty if I omitted to refer to the Swadeshi movement, which has again come to the front and the necessity for which is being realised all over the country, both by the people and the Government. If we want our country's arts and crafts to be revived and fostered and raw products utilised for the manufacture of goods which we now import from foreign countries, it is obvious that the only course for attaining our object is to create a demand for Swadeshi articles. The cause of Swadeshi is so well-known in every part of the country and is familiar to both prince and peasant, that it does not require much advocacy from me. The Swadeshi Movement throws certain responsibilities on the producers as well as on the dealers, and these responsibilities should always be borne in mind by every well-wisher of the country. The efforts of the Bombay Swadeshi Co-operative Stores Company, Limited, to push forward the sale of Swadeshi articles have been attended with conspicuous success, and this concern may well be taken as a model for other centres to follow. We learn that this agency is willing to open branches in all important towns and appoint local committees to supervise the working of each branch, and it behoves our countrymen to avail themselves of the proferred aid and invite this concern to start Swadeshi shops in different parts of the country. This is the most practical step that I can suggest for the encouragement of the Swadeshi movement. The credit of the revival of the Swadeshi spirit, its renewed vigour and vitality since 1905, belongs to our Bengalee brethren to whom we pay our humble tribute of gratitude for the martyrdom, and admirable self-sacrifice of

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some of the early advocates of this Movement, but for whose selfless and patriotic efforts, the Swadeshi ideal would never have become a living force. The reactionary policy which led to the partition of Bengal and the upheaval of the Swadeshi, was indeed a blessing in disguise. In the pregnant words of His Highness the Maharaja Gaikwar of Baroda, "this economic problem is our last ordeal as a nation, it is our last chance."

I appeal to my countrymen to stand fast by the Swadeshi and go in for the Swadeshi articles and patronise home industries, even if the prices of these articles are slightly higher and their quality a little inferior. Unless we make a slight sacrifice in the purchase of swadeshi goods, it is not possible for us to tide over the difficulties of the initial stages of its working and to compete successfully with foreign industries.

The industrial activity during the year on the part of the Government, the results achieved so far by the Directors of Industries in the different provinces and steps taken within their territories by the Rulers of Indian States, as well as what the people have done for the revival of industries will be found detailed in Part II, Sections A and B of the Annual Report on the work of the Industrial Conference, which will soon be submitted by the Honorary Joint Secretaries. I would not take up your valuable time by recounting the various enterprises started in the course of the year under review. I cannot, however, pass important undertakings like the projected Industrial Bank of Messrs. Tata Sons and Company unnoticed. This Bank will indeed be a notable addition to the many gigantic schemes which have been successfully floated by that firm. In this connection. I

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cannot emphasise too strongly the necessity that exists for Government to induce the Presidency Banks to afford facilities to our young men for getting an intimate knowledge of the working of the different departments of the Banks, so that these apprentices may, in course of time, be able to manage a bank themselves. I quite agree with the Hon'ble Lala Sultan Singh in thinking that there ought to be at least one Industrial Bank in every Province, which should receive full support from the Government. The Government may also co-operate with the people in strengthening the position of the Bank by depositing a portion of the public money in them. This will create confidence in the mind of the public, and there would be very little difficulty in the collection of capital which is now lying idle in many mofussil centres. My friend, the Hon'ble Mr. Manmohandas Ramji, has outlined a scheme for the starting of Industrial Banks which deserves to be carefully considered both by the Government and the people. He advocates the starting of Industrial Banks each with a capital of about fifty lakhs of rupees, half the capital to be contributed by the Government, and with the local Directors of Commerce as Government Directors. I need not remark that, in such Banks, the majority of Directors should be Indians.

While on the subject of Banking, it may not be superfluous to point out that Banking is the most important factor in the economic development of a country, as Banks help the capitalless class and serve to encourage thrift and enterprise among them and promote larger production by placing capital at the disposal of those who can best use it. They play an equally important part in lowering the cost of production and securing high prices of sales. They thus

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benefit the country in various ways and tend to the fair distribution of property, general prosperity, rapid increase of capital and wealth even in times of financial and political trouble. A small manufacturer under the present system has to limit his business to the small amount of capital he actually possesses or could borrow on mortgages or other securities. Owing to these difficulties, the purchase of raw materials by a small manufacturer has to be small, and even those puchases generally have to be done through some middleman at a very high price. When he has finished his goods to the extent of his means, he is forced to restrict his production, until his goods are sold and paid for; and as in most cases he wants cash quickly, he is compelled to sell to other middlemen often at a low price. Thus dear raw material, low price of sale, limited production and heavy expenses are the conditions under which a poor craftsman has to work. If banking facilities are obtainable near the homes of these craftsmen, they can buy very largely in the best markets without the help of middlemen. They can also manufacture on a larger scale for the simple reason that, as soon as their goods are out of their works, they can draw drafts on customers, and against these the "BANQUIER" renews his capital at once and thus the artisans are enabled to make large turns-over within a given capital and time. By extending Banking facilities to small craftsmen and merchants, we shall achieve in India the extraordinary prosperity we see in Germany, due to union of capital and labour, greater demand for goods, low cost of production, higher wages, great power of consumption, immense demand for goods and high selling prices. The idea is to do away with usury and replace it by Commercial and Industrial Banking. The

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best means to attain this object is to have a large number of banks in large cities with a number of branches even in small places.

There is yet another industry which deserves to be revived in the interest of the foreign trade of our country and that is Ship-building. The art of building ships and the science of navigation over vast seas were known to our fore-fathers centuries ago, as there are clear evidences that India once occupied and maintained for many centuries her proud position of Queen of the Eastern Seas. Coming to more recent times, we find that only about a hundred years ago ship-building and a practical navigation were in such excellent condition that ships built in India sailed up the Thames along with British vessels. The Ports of Bombay and Calcutta contained a large tonnage of shipping entirely of Indian construction, and the teak vessels of Bombay were regarded as superior to even the English ships made of oak and they were more durable than the English vessels. It is a recognised fact that the mercantile marine is an essential factor in the industrial success of England and other nations. The cost of production of any article includes its freight by land and sea. Along with the disadvantage of iniquitous Railway rates, our country has to suffer also from want of a mercantile marine of her own. She cannot place her goods in the foreign markets as cheaply as other nations can do, owing to the fact that they have got their own ships which convey goods even at nominal rates to beat down foreign competition. They also bring raw materials from other countries in their own ships for manufacturing purposes and convey them back in a finished form at cheap rates. Under these circumstances, I would exhort my brethren of

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Calcutta and other Seaports to start Navigation Companies on a large scale and make provision for the training of boys and young men in the art of ship-building and navigation—subjects which have hitherto remained neglected.

It is a matter for thankfulness that a recent cablegram from home announces that a Committee has been appointed to inquire into the potentialities of ship-building on the Hooghly. This announcement raises hopes of revival of this ancient industry of Bengal on very sound lines.

The Jute industry is also another industry which should be in the hands of Bengal Capitalists. I hope my Bengalee brethren will direct their energies towards Jute Manufacture.

I would summarise the relative duties of the Government and the people as regards the industrial and commercial development of the country thus:—

The duties of the Government are:—

(1) To have a thorough industrial and geological survey of the whole country made and to publish the results from time to time.

(2) To afford financial and technical aid.

(3) To check foreign competition.

(4) To encourage opening of Banks.

(5) To start Model Pioneer Factories on the reports of Government experts and hand them over to private capitalists, if successful or close them if unsuccessful. In no case should they be continued as permanent Government enterprises.

(6) Purchase by Government of all their requirements in India, preference being given to locally made articles, even if they be

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slightly dearer or a little inferior in quality.

(7) Establishment of Museums and Travelling Libraries and holding of exhibitions at large fairs of goods as well as the processes of manufacture.

(8) Establishment of Technological and Research Institutes.

The duties of the people :—

(1) Use of locally made articles as largely as possible, even at a small sacrifice in cost and quality.

(2) Co-operation between the capitalists and the technically trained experts.

(3) Co-operation between capital and labour.

(4) Raising the standard of Commercial Morality in the country.

(5) Utilisation of unproductive wealth for commercial and industrial purposes.

(6) Arousing the Indian States to the economic needs on the above lines.

A writer in the "Round Table" has recently pointed out certain weak points in the British Industrial Organisation, which ought to be carefully noted by our countrymen, if they wish to trace the causes of our industrial backwardness :

They are :—

(1) Inferior equipment of factories and use of old types of plant and machinery, which have long been discarded by progressive countries like America.

(2) Mechanical inefficiency due to a lack of Research, which results in the use of antiquated processes of manufacture.

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(3) Factories, Docks, Workshops of England are on too small a scale, to meet the growing needs of the time.

(4) England cannot face up-to-date competition owing to her ruinous tendency to divide profits upto the hilt.

(5) Inferior organisation both in manufacturing and selling. There are too many small concerns or workshops carrying on the same manufactures instead of forming combinations.

(6) There is no co-operation worth the name between the Banks and the Manufacturers.

(7) Unwillingness to adopt new processes or theories owing to the ignorance of the value of Research.

If this is the case with the free and progressive England, what can be said of India labouring under manifold disadvantages and draw-backs? The Free trade Policy of the British Government exposing even our smallest concerns to a world-wide competition, the inability or rather unwillingness of Indian Princes and Capitalists to help the poor manufacturers with necessary funds and several other causes have compelled the artisans to give up their ancient callings and to take exclusively to agriculture. Certain hereditary tendencies have also to be taken into account. The aversion of the average educated man to manual work and industrial or commercial careers, the inefficiency and ignorance of Indian Labour, want of organised associations or financiers to help the technically trained students, when they complete their training either here or in foreign countries, constitute some of our draw-backs. We hear that in Japan, suitable to particular

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localities are first selected after careful investigation and students are then sent out for securing instruction in the Arts so selected. This arrangement gives the student a guarantee of employment on return and the financier a guarantee of securing an expert in return for the amount that he has spent on the young man's training. If the Indian people succeed in getting a representative form of Government, in other words, the Home Rule for which they are honestly and vigorously striving, it is only then they can have a voice in the shaping of the fiscal policy of their country. Till fiscal and financial autonomy is secured for this country, we should try and help the development of industry and commerce by using nothing but Swadeshi articles.

Bengal deserves indeed to be heartily congratulated on having produced highly capable Chemists and scientists whose researches have gained world-wide recognition. The Institute lately started by our illustrious countryman, Sir J. C. Bose, who has given away all his hard-earned money for founding it with the object of encouraging original Research, will serve as a beacon-light to similar Institutes, for which there is a real demand in the country. Mr. S. R. Bomanji and Mr. Khatau of Bombay have laid the whole country under a deep debt of gratitude to them by their princely donations to this Research Institute, and their example is worthy of emulation by other philanthropists.

The Industrial Conference has been clamouring for the establishment of at least one fully equipped Polytechnic Institute, but so far there has been no response from Government. In this connection, I may invite your attention to the suggestion made by

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the Hon'ble Mr. James Currie, the President of the Punjab Chamber of Commerce, who, in his evidence before the Industrial Commission, advocates the establishment of an Imperial Research Institute, which should be equipped with the best brains available. On its industrial side, the Institute should also be in a position to supply sound advice to private enterprises. It will be noted that the Tatas have already a scheme under contemplation for starting a Research Laboratory at Sakchi with a view to making this Laboratory a Central National Research Laboratory in that part of India.

Gentlemen, there has been a feeling within the last three or four years, that it was time the Conference directed its attention to doing something practical towards the industrial regeneration of our country and did not content itself with coming together at the close of the year to have addresses and papers read at its meeting. There is some force in this complaint, and the Honorary Secretaries are quite alive to the necessity for the Conference changing its methods, and have, during the last two years, given unremitting attention to getting advice as to how best to give a practical turn to the activities of the Conference. Last year, they had addressed a circular letter to all the principal periodicals, leading gentlemen, as well as members of the Standing Committee of the Conference inviting their suggestions. The replies received in response to this request have been embodied in the report of the Lucknow Conference, which will be submitted to you by the Honorary Joint Secretaries. The Report forms very interesting reading. Among the suggestion received, the only one that appears to be both practical and falling legitimately within the range of our

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Conference, is the establishment of an Intelligence or Information Bureau for the benefit of the whole country. Most of the other suggestions are such as even the Government of India, with its unlitimed resources, would hesitate to take up. From enquiries made, I learn that the Central Office of the All-India Industrial Conference, which is located at Bombay, receives every year enquiries on a variety of subjects, bearing on the industrial and economic development of the country. It has endeavoured to supply the required information to the best of its ability; but in the absence of a qualified staff of experts in the various lines, the advice the Honorary Secretaries can give and the accuracy and fullness of the information they can supply, must be of limited nature. It will be useful in this connection, if I give you a few instances of the enquiries made at the Central Office. This will enable you to judge of the nature and magnitude of the work that is thrown on the Central Office with its small and poorly paid establishment. I may at once say that the whole clerical and compilation work has to be attended to by an Assistant Secretary and a Clerk.

QUERIES.

1. Small capitalists and gentlemen of limited means seek the advice of the Central Office for starting small cottage industries, which do not require a large outlay of money or the use of expensive or intricate machinery.

2. Persons wishing to start soap or candle works, varnish making and similar chemical industries, ask for an estimate of the cost of machinery and plant for these different concerns, as well as rates for the

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chemicals required by them and the names of the firms from whom they can obtain the supplies.

3. Syndicates or companies formed for the purpose of working mica, iron or other works are anxious to know the names of Indian as well as foreign exporting firms which will purchase the minerals from them.

4. Advice is sometimes sought by Indian States and private individuals anxious to start plantations of Ramie, and other fibre producing plants and the cultivation of Rubber and other economic products.

5. Parents and guardians of students have addressed the Office for information in connection with institutions both in India and in foreign countries, where the young men can get training suited to them in Electrical Engineering and other technical courses.

6. Statistical Information of Exports and Imports of particular products.

7. Information regarding experts in various branches.

8. Small concerns which have already commenced to place their goods in the market, expect the Office of the Industrial Conference to help them in pushing forward the sale of their goods by prevailing upon well-known merchants to help them by guaranteeing the purchase of their goods up to a certain extent every year.

The above list gives only a slight indication of the nature of the enquiries made at the Central Office. You can easily form a conception of how even in this limited field of activity, the Central Office cannot cope with the work thrown on it without the help of a staff of experts and enlargement of its library and office establishment. All this means money. I appeal

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to the merchant princes and land-holders to interest themselves in this great work and give it their moral and material support.

To me, coming as a stranger to this organisation, it is a matter of sincere gratitude that a movement of this kind was brought into existence at a critical time in the fortunes of our Motherland. The patriotism and high sense of public duty, which led the originators of the movement, at much sacrifice of time, money and personal convenience, to start and work this institution with such enthusiasm and sustained zeal, are beyond all praise. Its achievements are not small or insignificant. It has done work which, in a self-governing country like Japan, would have devolved entirely on the Government, or in the case of a dependency like the Philippines, would have been taken up by the ruling power of the United States. Will it be too much to expect that in the altered attitude of England towards the indigenous industries and trade of India, our Conference would receive greater sympathy and support and material help from our Government?

The following report of his concluding speech appeared in the "A. B. PATRIKA".

Mr. V.P. Madhava Rao, before bringing the session of the Conference to a close, appealed to his countrymen to make determined efforts to develop the industries on a larger scale and secure for India her rightful place among the countries of the world. He said:

"The labours of the present Session of the Industrial Conference having now come to a close, it only remains for me to congratulate you on the thorough

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discussion to which every resolution has been subjected. I would appeal to you not to be satisfied with the mere discussion of questions but to regard the discussion as an earnest of what you are to do in the coming year. The war has brought to the notice of the world at large the great potentialities of India in the industrial field, and there is no doubt whatever that the British Government will do their best to develop Industrial India to her utmost capacity, and if, in achieving this object, you, brother-delegates, will only take proper share, when you go home, in developing suitable industries and securing the help for this purpose of your friends, you will have the consolation of having contributed your mite to the industrial regeneration of our Motherland.

I need hardly remind you that the Industrial Department is one of the most important departments in which the active co-operation of the people is anxiously sought by Government, and it offers a common ground for the Government and the governed for bringing about a state of things which will make India contented, happy and prosperous. In conclusion, let me express the hope that, when we meet next year, we shall hear of marvellous industrial progress made by the country—progress, which, in ordinary circumstances, could not have been achieved for many years if not for decades."

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